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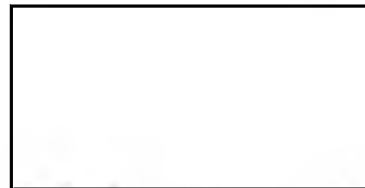
MEMORANDUM FOR: Deputy Director (Administration)

RE: Visit to James C. Worthy, Asst. Secretary of Commerce, 17 December 1954, by    to seek Mr. Worthy's point of view on the question: "What is the proper organizational echelon for the senior officer responsible for personnel administration?" (Mr. Worthy is an Eisenhower appointee and comes most recently from 16 years of service with Sears Roebuck. Since 1950, he has been the top man in personnel there. His age is 45.)

The substance of Mr. Worthy's observations is this:

1. The personnel function is a staff - not line function.
2. In government generally, because action is so circumscribed by Civil Service, one can use a lower calibre person as personnel chief. But, to the degree that there does exist latitude or freedom to create policy and to administer to suit agency needs - exactly the opposite is true. (   and I consider that CIA does have this latitude.)
3. If the nature of the jobs is important, if the jobs have variety, if there are substantial numbers of employees, and most importantly, if there is action latitude, then the personnel officer should be next to the top man, i.e., vice president for personnel.
4. On the first point above - the nature of the jobs, Mr. Worthy said: "I don't know much about the details in your work at CIA, but I would judge that your jobs are crucially important."
5. Mr. Worthy said: "The reason industry and business are heading so much toward 'vice president for personnel' is the importance of the function where action latitude exists and the echelon has got to be high enough to make this officer's view important and stick!!!"
6. "The President of Sears Roebuck was formerly the company's personnel officer."

7. "Commonly the Personnel Director supervises training and the medical staff." - That is how Mr. Worthy operated in Sears. He then went on to be more explicit (and this was confirmed over the phone this morning): "All executive development and training, plus all across-the-board training and/or indoctrination, inclusive of acquainting the employees with company-wide information, such as in the field of public relations, in the field of company expansion, in the field of education, motivation, etc., is supervised by the personnel officer. Strictly on-the-job training, such as teaching the sales clerk how to sell, and teaching her what the selling points of the merchandise are, is done by the operating people. I would not give Security to the personnel officer because their function is closer to line management."



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Chief, Management Staff

N.B. Mr. Worthy was told that the CIA organization chart was classified information and hence he was shown a hypothetical one as a basis for discussion. The terms used were the common ones of industry - "President", "Executive Vice-President", "Vice-President, operations", "Department Managers", etc.